

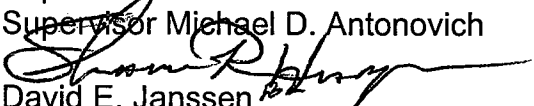


County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

April 4, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**DEPARTMENT OF MENTAL HEALTH - EARLY AND PERIODIC SCREENING,
DIAGNOSIS, AND TREATMENT PROGRAM FUNDING ISSUES**

The purpose of this memo is to provide your Board with information regarding the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program revenues owed to the Department of Mental Health (DMH) by the State. This issue will be among those discussed at the Assembly Budget Subcommittee #1 hearing in Sacramento on Monday, April 9, 2007, as the State Legislature considers the Administration's request for a deficiency appropriation for the State Department of Mental Health (SDMH) in order to allow SDMH to reimburse county mental health departments for higher than anticipated EPSDT program costs. As will be reported separately in our Sacramento Update, the County's legislative representatives and staff from the Department of Mental Health (DMH) will be providing testimony at that hearing.

As of March 31, 2007, DMH is owed \$170 million, \$89 million in State General Funds (SGF) and \$81 million in Federal Financial Participation (FFP) by the SDMH for EPSDT services provided to children and youth under age 21. It is important to note that the amount owed to the County is for services which have already been provided and paid for out of the County General Fund, and are for approved claims for fiscal years (FY) 2004-05 and 2005-06. In addition, in the current fiscal year (06-07) DMH has received \$70 million of the estimated \$376 million for the EPSDT program, but expects that reimbursement will be received within the twelve-month accrual period.

Each Supervisor
April 4, 2007
Page 2

It is possible that for FY 2006-07, the department could have a revenue shortfall of \$170 million if SDMH does not fully reimburse the County for amounts owed for FY's 2004-05 and 2005-06 since the \$170 million was accrued. In order to be able to reaccrue the \$170 million, the County must be confident that the State will provide full payment of all reimbursements due within 12 months after the end of the fiscal year.

DMH has been in frequent contact with our CAO staff and our Sacramento advocates regarding this issue. In addition, my staff has had meetings with DMH and Auditor-Controller staff regarding this issue, and a conference call with representatives from both the California Mental Health Director's Association (CHMDA) and the California State Association of Counties (CSAC) was held on April 3, 2007. We will continue to work closely with DMH, CHMDA, CSAC and others to urge the Legislature to approve the Governor's Budget proposals.

If you have questions or need additional information, please contact me, or your staff may contact David Seidenfeld of my staff at (213) 974-1457.

DEJ:SRH:DL
GP:DS:lbm

c: Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Department of Mental Health